

# **Update:**

## **Development of Amendment 18 to the Multispecies FMP**

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# Outline

- Overview of recent activity
- Questions to consider
- A18 timeline
- Recent PDT work
- Advisory Panel recommendations



# Recent activity

<b>2012</b>	<b>Oct. 4</b>	<b>GAP meeting</b> Motion to split A18, focus on accumulation caps.
<b>2013</b>	<b>Mar. 6</b>	<b>Joint Groundfish Committee/AP meeting</b> Interest in revisiting goals and objectives. Developed data analysis “wish list.”
	<b>Apr. 8</b>	<b>RA letter</b> Narrow scope to just accumulation limits.
	<b>Apr. 16</b>	<b>Groundfish Committee meeting</b> PDT reports on list feasibility. No motions. Waiting to hear PDT results.
	<b>Apr. 23</b>	<b>NEFMC meeting</b> No motions. Waiting to hear PDT results.
	<b>Jun. 10, 12 <i>(today)</i></b>	<b>Groundfish AP and Committee meetings</b> PDT reports on analytical work. Revisit goals and objectives.



# A18 goals (existing)

*As approved by the NEFMC June 2010.*

1. “Maintain inshore and offshore fleets;
2. “To the extent possible, maintain a diverse groundfish fishery, including different gear types, vessel sizes, geographic locations, and levels of participation;
3. “Maintain a balance in the geographic distribution of permits to protect fishing communities and the infrastructure they provide; and
4. “Prohibit any person or government entity from acquiring or controlling excessive access to the resource, though in order to prevent extraction of disproportionate economic rents from other permit holders.”



# A18 objectives

*As outlined in the scoping document, approved by the NEFMC September 28, 2011.*

1. “To consider the establishment of accumulation caps for the groundfish fishery; and
2. “To consider issues associated with fleet diversity in the multispecies fishery.”



# Goals and objectives statements

- Generally, objectives (specific steps) support achieving a particular goal (desired outcome).
- Balance between setting too many and maintaining focus for the action.
- FMP actions do not require having both goals and objectives.
- Revisions would not require rescoping if they are within the same general vein.



# Questions - questions

1. As written, do the A18 goals address the purpose and need that the Committee envisions?
2. As written, do the A18 objectives address the goals that the Committee envisions?
3. Are the outcomes clear and achievable?
4. Why or why not?
5. If not, how could they be refined?



# Purpose and need

## Notice of Intent (NOI) for the action

(December 21, 2011)

*“Currently, there are no specific controls on the excessive accumulation or control of fishing privileges in the multispecies fishery. There is concern that the low catch limits, in conjunction with expanded sector management, will lead to excessive consolidation and lack of diversity in the groundfish fleet. Likewise, there is concern regarding consolidation and diversity in the groundfish fleet as stocks rebuild and acceptable biological catches (ABCs) increase.”*





# Questions – purpose and need

A refined “Purpose and Need” statement will be needed, which the goals and objectives would address.

1. What are the most important points that such a statement should articulate?
2. Could the statement in the NOI serve this purpose?
3. If not, what are key elements to include?



# TENTATIVE\* timeline

2013	June	NEFMC settles on goals/objectives.
	July-Nov	Develop measures.
	Nov/Jan	NEFMC approves range of alternatives to be analyzed in DEIS.
2014	Jan/Apr	NEFMC approves DEIS with range of alternatives.
	Mar-May	NMFS and EPA accept DEIS. NOA issued.
	Apr-Jun	45-day public comment period.
	Jun/Sept	NEFMC votes on final EIS.
	Aug-Dec	NMFS review, deeming of proposed regulations, 60-day public comment period.
2015	Jan-Feb	EIS review, cont.
	TBD	Implementation.

*\*Depends on the extent of the action and timing with Habitat Omnibus Amendment, FY14 specifications, revising rebuilding programs, and other Council actions.*



# Recent PDT work

- Dialogue on goals and objectives
- Feasibility of accumulation limit options
- Review of permit banks
- Trends in fishery diversity and concentration *(Chad Demarest presentation today)*
- Including ACE trading to net revenue estimates *(presentation June 19 @ NEFMC mtg.)*

# Suggestions

“The goal of the Amendment is to limit the concentration of quota to:

1. Ensure access to a reasonable number of fishery participants.
2. Prevent market control and price-fixing by a small number of fishery participants.”



# Suggestions

“Goals:

1. Prohibit any person, organization or government entity from acquiring or controlling excessive shares of fishery access privileges, in order to prevent:
  - (a) extraction of disproportionate economic rents from other fishery participants; and
  - (b) strategic manipulation of fishery access privilege and/or asset values to the detriment of fishery participants.
2. Increase transparency in fishery access privilege lease markets in order to better understand and detect the behaviors identified in (1).
3. Promote a dynamic fishery with entry opportunities for fisherman and vessels.”



# Accumulation limit feasibility

## Possible caps:

- What
  - Permits, PSC, ACE, landings, individual stocks, aggregate stocks
- Who
  - Individual, business entity, sector

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Initial feedback from General Counsel is that all of the above are feasible from a legal standpoint. Implementing a cap would not, on its own, trigger turning program into a LAPP.



# Permit banks review - question

## **March 6 request of PDT:**

*“Review the performance of permit banks to determine if they are fostering fleet diversity.*

*Where is the permit bank ACE going?*

*Are the banks benefiting the industry as designed?”*

## **Primary question inferred by PDT:**

In the absence of accumulation limits and fleet diversity measures today, how are permit banks helping foster diversity in the fishery?



# Permit banks review - methods

## **Rapid Qualitative Inquiry:**

- Questionnaire developed (brief, voluntary )
- Population defined
  - What constitutes a “permit bank”?
  - List of known permit banks reviewed by stakeholders for completeness.
- Questionnaire reviewed by and sent on behalf of Committee Chair to representatives of 10 permit banks (~May 15).
- Wrote PDT memo, highlighting responses that would help answer the key question (June 5).





# Permit banks review - method

## How were “permit banks” defined here?

- **Public.** Used definition from Amendment 17
  - NOAA-sponsored, state-operated.
  - Obtains Federal permits to allocate fishing privileges to qualifying entities.
  - Revenue used to defray program costs.
- **Private.** No standard definition
  - Term generally used to refer to non-profit organizations that hold fishing permits.
  - No regulatory distinction between a private permit bank and a commercial entity that leases ACE.



# Permit banks review - methods

## Which permit banks were queried?

- **Public**

1. New Hampshire State Permit Bank
2. State of Maine Permit Bank

- **Private**

1. Boston Sustainable Fishing Community Preservation Fund, Inc.
2. Cape Cod Fisheries Trust
3. Gloucester Fishing Community Preservation Fund
4. Island Institute
5. The Nature Conservancy
6. NEFS XI Permit Bank
7. Penobscot East Permit Bank
8. South Shore Fishing Community Preservation Fund

*The Nature Conservancy/Island Institute  
Community Permit Bank*

7 questionnaires returned as of June 5 (78% response).



# Permit banks review - responses

Estimates based on responses:

Permit Bank	Federal Groundfish Permits (#)	Vessels receiving ACE (#)
MEDMR	11*	21+
NHF+G	4	19
BSFCPF	n.d.	n.d.
CCFT	24*	29+
GFCPF	49	71
NEFS XI	2	22
PERC	2	10+
SSFCPF	n.d.	n.d.
TNC/II	3	15+
<b>Total:</b>	<b>95+</b>	<b>189+**</b>

\*also holds scallop and/or surf clam permit(s)

\*\*duplicates likely



# Permit banks review - responses

## **Origins:**

- GFCPF was the first (2007) followed by the CCFT (2008).
- NHF+G was the latest to become operational (2012).

## **Mission:**

- Each is unique, but they formed primarily to ensure that certain industry segments remain viable (e.g. smaller-scale businesses, specific ports).
- Some provide business planning and other support.
- Some focus on collaborative research or use of gear that is more selective than required.



# Permit banks review - responses

## **ACE Distribution:**

- ACE has been distributed to a diverse range of sector members (gear type, vessel size, fishing ports).
- Some lease to a particular industry segment only (vessel length, owner-operators).
- Some give preference to a segment, then offer ACE on the open market.
- Some offer an equal share to qualifying fishermen.
- Some identify needs via informal networks.
- Some have structured application processes.
- Some transfer ACE to a sector with qualifying fishermen.



# Permit banks review - responses

**ACE Price:** - generally distributed below market

- Fixed percent below.
- Value needed to cover administrative costs/repay loans.
- Distributed at no cost.

**ACE Use:**

- Rates have varied with demand.
- Hake, pollock, and the Gulf of Maine stocks have the highest lease rates.
- Majority of leased ACE has been landed.

**Industry Reliance:**

- Some use revenue as capital to enter the lease market.
- Lease “choke” stocks to use more of their own quota.
- Better answered by industry participants?



# Permit banks review - responses

## Concerns:

- Public
  - May need Council action to enable more efficient operations.
  - Agency isn't designed to be a vessel permit owner.
- Private
  - Low stock abundances and their spatial distribution.
  - PBs purchasing permits outside their region.
  - Would PBs be subject to accumulation limits through A18? Consider their aims for the fishery.
  - Create distinct category for private/community PBs.
  - Reporting requirements more consistent and transparent across all PBs.



# GAP recommendations

## **March 6 joint mtg.:**

The Committee suggested that the GAP develop recommendations on whether and how to revise the goals and objectives of Amendment 18.

## **June 10 GAP mtg.:**

GAP passed 6 motions relative to A18, including a recommendation on new goals that would replace the current goals and objectives *(See AP Chairman's report)*.

